

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Cross-Ownership of Broadcast)	MM Docket No. 01-235
Stations and Newspapers)	
)	
Newspaper/Radio Cross-Ownership)	MM Docket No. 96-197
Waiver Policy)	

REPLY COMMENTS OF GANNETT CO., INC.

I. Introduction

Gannett Co., Inc. (“Gannett”) hereby submits its Reply Comments in the above-captioned proceeding pursuant to the Commission’s September 20, 2001 Order and Notice of Proposed Rulemaking.¹ The record overwhelmingly demonstrates that the Commission should conclude this proceeding by eliminating the newspaper/broadcast cross-ownership restriction.

In its opening Comments, filed December 3, 2001,² Gannett provided specific examples of the palpable benefits accruing to readers, viewers and advertisers through Gannett’s common ownership of *The Arizona Republic* and KPNX-TV in Phoenix, Arizona.³ Gannett argued that: 1) since the adoption of the newspaper/broadcast cross-ownership rule, traditional media outlets have been inundated with new competitors,

¹ *Cross-Ownership of Broadcast Stations and Newspapers; Newspaper/Radio Cross-Ownership Waiver Policy, Notice of Proposed Rulemaking* in MM Docket Nos. 01-235, 96-197, FCC 01-262 (rel. Sept. 20, 2001) (“NPRM”). By *Order*, DA 01-2918 (rel. Dec. 14, 2001), the Commission extended the date for reply comments until February 15, 2001.

² Comments of Gannett Co., Inc. in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“Gannett Comments”).

³ Current Commission policy permits cross-ownership pending KPNX’s license renewal filing in 2006. *See* Gannett Comments at 6-7.

sufficient that the cross-ownership restriction is no longer necessary to protect competition or diversity of information or viewpoint; 2) the restriction forestalls the significant public interest benefits to be attained from operational synergies and efficiencies, including the development of new and innovative information services; and 3) the rule places arbitrary restrictions on Gannett—a company that believes success is determined by being #1 in local news coverage—from expanding in several markets. These arguments were supported by specific examples of the benefits generated from Gannett’s common ownership experience in Phoenix.

While several dozen parties made similar substantive submissions in this proceeding demonstrating that the newspaper/broadcast ban often precludes those parties best positioned to do so from enhancing the quality of news and information programming on local broadcast stations,⁴ the Commission also received comments in support of the newspaper/broadcast cross-ownership rule.⁵ In Gannett’s view, a point-by-point refutation of the comments advocating retention of the rule would not be

⁴ See, e.g., Comments of the Newspaper Association of America in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“NAA Comments”); Comments of Media General, Inc. in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“Media General Comments”); Comments of The News Corporation Limited and Fox Television Holdings, Inc. in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“News Corp Comments”); Comments of The National Association of Broadcasters in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“NAB Comments”); Comments of Tribune Company in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“Tribune Comments”); Comments of Hearst Corporation in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“Hearst Comments”); Comments of the E.W. Scripps Company in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“Scripps Comments”); Comments of The New York Times Company in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“New York Times Comments”); Comments of Cox Enterprises, Inc. in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“Cox Comments”).

⁵ See, e.g., Comments of Consumers Union, Consumer Federation of America, Civil Rights Forum, Center for Digital Democracy, Leadership Conference on Civil Rights and Media Access Project in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“Consumers Union Comments”); Comments of the Office of Communication, Inc. of the United Church of Christ, National Organization for Women and Media Alliance in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“UCC Comments”); Comments of the AFL-CIO in MM Docket Nos. 01-235 and 96-197 (filed December 3, 2001) (“AFL-CIO Comments”).

productive. These comments are notable because the opinions expressed therein are so deeply held. Unfortunately, they are equally notable for the absence of specific examples or data about the alleged anticompetitive or otherwise detrimental effects of the newspaper/broadcast combinations under review. Given the mandate of Congress in the biennial review provision of the Telecommunications Act of 1996 (the “1996 Act”), the Commission is charged with an affirmative duty to show that the cross-ownership ban remains “necessary” to serve a particular, significant interest based on facts, not opinion.⁶

II. The Facts Show Common Ownership Does Not Prevent Criticism of the Commonly Owned Newspaper and TV Station.

The Consumers Union Comments exemplify the plethora of opinion and the paucity of facts common to the submissions of proponents of the newspaper/broadcast cross-ownership rule in this proceeding.⁷ In support of the contention that the cross-ownership restriction should be retained, the Consumers Union Comments append a declaration from Benjamin Bagdikian, a long time critic of corporate media ownership.⁸ Bagdikian notes his experience of more than 50 years in the field to support his view (and, he reports, the view of an unidentified group collectively known as “many observers”) that: “cross-media mutual criticism and evaluation becomes minimal when both the local newspaper and a local broadcast station come under common ownership.”⁹

⁶ 2000 Biennial Regulatory Review, 16 FCC Rcd. 1207 (2001).

⁷ Consumers Union Comments at 22.

⁸ Statement of Ben Bagdikian, Consumers Union Comments at Appendix A (“Bagdikian Statement”).

⁹ Bagdikian Statement at 2.

Given the decisiveness of his conclusion based on a claim of “extensive research,”¹⁰ one logically expects the Bagdikian Statement to recite example after example of how newspaper/broadcast cross-ownership serves to “exacerbate shrinkage of voices” or reduces the commentaries that would otherwise occur.¹¹ As the reader goes through the Bagdikian Statement, however, and even the Consumers Union Comments as a whole, that expectation shrivels and dies.

In contrast, the Gannett Comments identify two heated exchanges of criticism between the respective newsrooms in the short fourteen months that Gannett has owned both outlets in Phoenix.¹² Other companies operating newspaper and broadcast properties in the same market cite similar factual experiences.¹³

As a corollary, the Consumers Union Comments (via Bagdikian) argue that cross-ownership frustrates the ability of print and broadcast outlets to serve as “checks and balances” on each other’s reporting interests.¹⁴ That argument founders under even superficial critical analysis: the remaining non-cross-owned print and broadcast outlets have increased in number and have significant journalistic and financial incentives to be

¹⁰ *Id.*

¹¹ *Id.* at 3.

¹² Gannett Comments at 12-13.

¹³ See, e.g., Comments of News Corporation Limited and Fox Television Holdings, Inc. in MM Docket Nos. 01-235 and 96-197 at 21-23 (filed December 3, 2001) (The *New York Post*’s outspoken criticism of Fox television programming and movie productions offers further concrete evidence that newspaper/broadcast cross-ownership has no negative impact on viewpoint diversity); Comments of Journal Broadcasting Corp. in MM Docket Nos. 01-235 and 96-197 at 2 (filed December 3, 2001) (the radio and television stations commonly held by Journal have been completely independent in program and editorial content, and have been consistently critical of the newspaper’s coverage decisions and editorial comment).

¹⁴ Bagdikian Statement at 2.

even more critical of any perceived cross-ownership “reporting bias” because they can reap marketplace advantage by positioning themselves as heterogeneous news sources.

If, as the Consumers Union Comments argue, one must assume that “intra-brand” criticism will be lost through newspaper/broadcast cross-ownership, one must equally assume that “inter-brand” criticism will be enhanced. The Consumers Union Comments fail to provide any specific factual examples to support the assertion that one must assume “intra-brand” criticism will be lost. Simply put, a fallacy of the “lost criticism” argument is that it necessarily assumes that no other outlets in the market serve as effective watchdogs on competing media, including commonly-owned properties. Consumers Union would assume out of existence the increasing numbers of weekly publications (especially the so-called “alternative weeklies” whose market niche routinely includes scrutiny—and even lampooning—of the so-called “establishment press”) and the increasing amount and availability of cable TV news and public access programming which routinely voices criticism of “the media.”

Again, Gannett urges the Commission to rely on facts and not assumptions. As noted above, deeply held opinion to the contrary notwithstanding, the facts in Phoenix (and elsewhere) show the checks and balances within common ownership are working quite well.

III. The Facts Show Cross-Ownership Does Not Harm But Often Enhances News Coverage

Proponents of the newspaper/broadcast cross-ownership ban also predict a “homogenization of the news”—an inexorable descent to the lowest common denominator—should the rule be repealed.¹⁵ To buttress his conclusion to this effect,

¹⁵ See e.g., Bagdikian Statement at 4.

Bagdikian opines that, in cross-ownership situations, the print and broadcast media are to be castigated for exploiting the very synergies that make cross-ownership so attractive—the ability to draw upon the expertise of what Bagdikian derides as the “corporate cousins.”¹⁶ The lone example he provides of the alleged evils of using the content across multiple outlets involves not cross-ownership, but *ownership of radio in multiple markets*.¹⁷

As Gannett’s Comments explain, the “homogenization” hypothesis founders in the face of real world experience. Gannett’s Phoenix operations are again illustrative. As part of a market study undertaken for other purposes and completed in December 2001, Gannett asked 551 Phoenix residents who are familiar with *The Arizona Republic*’s and KPNX’s news coverage: “Does KPNX, Channel 12’s use of *Arizona Republic* reporters to help them cover the news improve their local coverage, have no effect on their local coverage, or take away from their local coverage?”

The results unambiguously support the view that the public benefits from KPNX’s use of *Arizona Republic* reporters to augment local coverage. Averaged across gender, ethnicity, and income levels, 45% of respondents thought that KPNX’s coverage was improved because of the presence of *Arizona Republic* reporters. A third saw no impact either way. But *only 6%* shared Bagdikian’s view that coverage declines when print reporters appear on newscasts.

¹⁶ Bagdikian Statement at 3.

¹⁷ *Id.* at 4-5.

Simply put, the facts show that, in Phoenix, and indeed in other markets around the country,¹⁸ news coverage has been enhanced, not harmed, by newspaper/broadcast cross-ownership.

Opponents of repeal of the cross-ownership rule fail to appreciate that television stations and newspapers each have a different business model. The differences play out in everything from story selection to reporting to advertising strategies and promotion. Homogenizing the models to make one fit the other or be the same as the other would eviscerate the value of each. The business imperative to preserve those diverse business models will obviate many of the concerns of those opposed to repeal.

IV. Conclusion

Gannett urges the Commission to read critically the arguments both in favor of and opposing repeal of the newspaper/broadcast cross-ownership rule. More importantly, Gannett urges the Commission to weigh the specific examples of consumer benefits to be achieved through cross-ownership provided in the Gannett Comments and others against the predictions made by those urging retention of the rule—predictions that are unsupported by specific evidence of actual or potential consumer harm. The evidentiary

¹⁸ See NAA Comments at 18-39 (examples of newspaper/broadcast combinations resulting in efficiencies and operational synergies); New York Times Comments at 7-10 (common ownership of newspaper and radio station in same market has permitted station to offer news-oriented programming); Cox Comments at 12-14 (newspaper and broadcast properties combine to provide enhanced coverage of local issues and events, increased community outreach); Tribune Comments at 42-51 (examples of ability of cross-owned stations and newspapers to bring enhanced public interest programming to communities); Belo Comments at 4-7 (cross-ownership results in superior service to the public, enhanced national and international coverage); Media General Comments at 9-13 (convergence efforts have improved quality of coverage).

record in this matter compels but one conclusion: it is long past time for the Commission to repeal the newspaper/broadcast cross-ownership restriction.

Respectfully submitted,

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